



WISCONSIN

DEPARTMENT OF WORKFORCE DEVELOPMENT
Division of Economic Support
Bureau of Work Support Programs

**TO: Economic Support Supervisors
Economic Support Lead Workers
Training Staff
Child Care Coordinators
W-2 Agencies**

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BWSP OPERATIONS MEMO

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Non W-2 ☒ W-2 ☐ CC ☐

PRIORITY: URGENT

SUBJECT: MA AVERAGE NURSING HOME PRIVATE PAY RATE

CROSS REFERENCE: Medical Assistance Handbook, Appendix 14.5.0

EFFECTIVE DATE: 05/01/2000

PURPOSE

This Memo will tell you the new Average Nursing Home Private Pay Rate. This number is used to determine the length of Medicaid (MA) Divestment Penalty Periods.

BACKGROUND

The Average Nursing Home Private Pay Rate is used to determine the length of the MA Divestment Penalty Period. The divested amount is divided by the average nursing home private pay rate and the whole number quotient of that equation is the number of months that the individual is penalized for the divestment.

The Average Nursing Home Private Pay Rate is derived from the results presented in the annual report, "Wisconsin Nursing Homes and Residents". This report presents key information about Wisconsin nursing homes and their residents. All facility and resident-based information is derived from the Annual Survey of Nursing Homes, which is conducted by the Wisconsin Division of Health Care Financing, Health Information and Medicaid Program Bureaus.

The Annual Survey of Nursing Homes uses a survey date of December 31; that is, facilities are asked to report many survey items as of that date. This means, to arrive at the average rate for the year 2000, we look at the 1998 report. This report was published in January 2000 and includes data from December 31, 1998.

DISCUSSION

To arrive at the average private pay rate for nursing homes in Wisconsin, we have looked at the average private pay rate of facilities at the 4 most common levels of care:

- Intense Skilled Nursing (ISN)
- Skilled Nursing Facility (SNF)
- Intermediate Care Facility (ICF-1)
- Limited Care Facility (ICF-2)

We averaged the private pay rates of these facilities to arrive at an average for all nursing homes to use in our divestment calculation. For instance, the calculation for the year 2000, using 1998 data, looked like this:

	Per Diem Cost	Average Monthly Cost
Intensive Skilled Nursing	\$149	\$4,532.08
Skilled Nursing Facilities	\$130	\$3,954.17
Intermediate Care Facilities	\$117	\$3,558.75
Limited Care Facilities	\$108	\$3,285.00
Average private pay cost/month		\$3,832.50

We multiplied the per diem cost by 365 to arrive at an annual figure. We then divided this annual figure by 12 months. Finally, we added up the average monthly cost of each level of care type and divided by 4 to arrive at an average of \$3,833.00.

What we didn't realize was that most of the recipients in nursing homes are at the Skilled Nursing Facility level of care. As you can see in the following table, more than 6,000 nursing home residents reside at the SNF level of care with only less than 900 at the other 3 levels of care. After we became aware of the distribution patterns of the nursing home population across the 4 levels of care, we have decided to use a 'weighted average' to arrive at the average nursing home private pay rate.

	Per Diem Cost	Residents on 12/31/97	Weighted Average
Intensive Skilled Nursing	\$149	183	27,267
Skilled Nursing Facilities	\$130	6,005	780,650
Intermediate Care Facilities	\$117	652	76,284
Limited Care Facilities	\$108	33	3,564
Totals		6,873	887,765
Weighted Average Private Pay Cost/Month			\$ 129.17
			\$ 3,928.92

NEW POLICY

The new average nursing home private pay rate that must be used to determine the length of MA Divestment Penalty Period is \$ 3,929.00.

IMPLEMENTATION

Eligibility workers must use the new average in determining all new divestment penalty periods beginning on the date this memo is received.

For divestments that have been calculated prior to that date, the worker will refigure those divestment penalty periods that began on or after May 1, 2000, using the new average amount when requested by the applicant/recipient or his/her representatives.

WRITE-IN CHANGE

This new figure is included in the October, 2000 release of the Medical Assistance Handbook. However, the figure used is incorrectly given as \$ 3,930.00. Please make a write-in change to your October MA Handbook release at Appendix 14.5.0; change the amount from \$ 3,930.00 to \$ 3929.00.

CONTACT

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Note: Email contacts are preferred. Thank you.